

SENATE BILL No. 191

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4; IC 4-13.5-4-6; IC 5-1-4-26; IC 5-1.4-9-9; IC 5-1.5-9-9; IC 5-20-2-14; IC 5-21-2-15; IC 6-4.1; IC 6-8-5-1; IC 8-10-1-27; IC 8-14.5-6-12; IC 8-21-9-31; IC 8-22; IC 14-13; IC 14-14-1-46; IC 15-1.5-9-9; IC 16-22; IC 20-12-63-27; IC 27-1-29-17; IC 28-5-2-2; IC 29-1-17; IC 29-3-3-3; IC 30-4; IC 33-19-5-6; IC 34-24; IC 36-7; IC 36-9; IC 36-10.

Synopsis: Elimination of the inheritance tax. Provides a complete exemption from inheritance tax for property interests transferred to lineal descendants or ancestors with respect to persons who die after June 30, 2001. Phases out the inheritance tax on property interests transferred to other categories of transferees by increasing exemptions. Provides that no inheritance tax will be imposed upon property interests transferred to other categories of transferees with respect to persons who die after June 30, 2003. Repeals the inheritance tax on July 1, 2006. Amends the Indiana estate tax formula and provides that the amended formula applies to the estate of a decedent who dies after June 30, 2003. Makes conforming amendments.

Effective: July 1, 2001; July 1, 2006.

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January 9, 2001, read first time and referred to Committee on Finance.



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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

SENATE BILL No. 191

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-11-36.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 36.1. (a) Except as
3 provided in subsections (b) through (c), all property, both tangible and
4 intangible, acquired or held by the authority under this chapter,
5 IC 4-4-21, or IC 15-7-5 is declared to be public property used for
6 public and governmental purposes, and all such property and income
7 therefrom shall at all times be exempt from all taxes imposed by this
8 state, any county, any city, or any other political subdivision of this
9 state, except for the financial institutions tax imposed under IC 6-5.5
10 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

11 (b) Property owned by the authority and leased to a person for an
12 industrial development project is not public property. The property and
13 the industrial development project are subject to all taxes of the state
14 or any county, city, or other political subdivision of the state in the
15 same manner and subject to the same exemptions as are applicable to
16 all persons.

17 (c) Any industrial development project financed by a loan under the

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1 authority of this chapter shall not be considered public property and
 2 shall not be exempt from any taxes of this state, or any county, city, or
 3 other political subdivision thereof, except for pollution control
 4 equipment.

5 (d) An agricultural enterprise or rural development project financed
 6 by a loan under the authority of this chapter or IC 15-7-5 shall not be
 7 considered public property and shall not be exempt from Indiana taxes
 8 or any county, city, or other political subdivision of the state.

9 (e) This section does not provide a tax exemption for a financial
 10 institution that receives a guaranteed participating loan or an exporter
 11 that receives an eligible export loan or performance bond guarantee
 12 under this chapter or IC 4-4-21.

13 SECTION 2. IC 4-4-11.2-29 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 29. All property of the
 15 authority is public property devoted to an essential public and
 16 governmental function and purpose and is exempt from all taxes and
 17 special assessments, direct or indirect, of the state or a political
 18 subdivision of the state. All bonds issued under this chapter are issued
 19 by a body corporate and public of the state, but not a state agency, and
 20 for an essential public and governmental purpose and the bonds, the
 21 interest thereon, the proceeds received by a holder from the sale of the
 22 bonds to the extent of the holder's cost of acquisition, proceeds
 23 received upon redemption prior to maturity, and proceeds received at
 24 maturity and the receipt of the interest and proceeds shall be exempt
 25 from taxation in the state for all purposes except a ~~state inheritance~~ tax
 26 imposed under IC 6-4.1.

27 SECTION 3. IC 4-13.5-4-6 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) All property of
 29 the commission is public property devoted to an essential public and
 30 governmental function and purpose and is exempt from all taxes and
 31 special assessments of the state or a political subdivision of the state.

32 (b) All bonds or loan contracts issued under this article are issued
 33 by a body corporate and politic of this state, but not a state agency, and
 34 for an essential public and governmental purpose, and the bonds and
 35 loan contracts, the interest thereon, the proceeds received by a holder
 36 from the sale of the bonds or loan contracts to the extent of the holder's
 37 cost of acquisition, proceeds received upon redemption before
 38 maturity, proceeds received at maturity, and the receipt of the interest
 39 and proceeds are exempt from taxation for all purposes except the
 40 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~
 41 tax imposed under IC 6-4.1.

42 SECTION 4. IC 5-1-4-26 IS AMENDED TO READ AS FOLLOWS



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[EFFECTIVE JULY 1, 2001]: Sec. 26. The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of a project by an authority or its agent will constitute the performance of essential governmental functions, such authority shall not be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by such authority under the provisions of this chapter, or upon the income therefrom, and the bonds issued under the provisions of this chapter, the interest thereon, the proceeds received by a holder from the sale of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 5. IC 5-1.4-9-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. All property of the bank is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments of the state or a political subdivision of the state. All bonds or notes issued under this article are issued by a body corporate and public of this state, but not a state, city, or county agency, and for an essential public and governmental purpose. The bonds and notes, the interest thereon, the proceeds received by a holder from the sale of the bonds or notes to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of the interest and proceeds shall be exempt from taxation in the state for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 6. IC 5-1.5-9-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. All property of the bank is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments, direct or indirect, of the state or a political subdivision of the state. All bonds or notes issued under this article are issued by a body corporate and public of this state, but not a state agency, and for an essential public and governmental purpose and the bonds and notes, the interest thereon, the proceeds received by a holder from the sale of the bonds or notes to the extent of the holder's cost of

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1 acquisition proceeds received upon redemption prior to maturity, and
 2 proceeds received at maturity and the receipt of the interest and
 3 proceeds shall be exempt from taxation in the state for all purposes
 4 except the financial institutions tax imposed under IC 6-5.5 or a ~~state~~
 5 ~~inheritance~~ tax imposed under IC 6-4.1.

6 SECTION 7. IC 5-20-2-14 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. All bonds and
 8 interim receipts or certificates, proceeds received by a holder from the
 9 sale of them to the extent of the holder's cost of acquisition, proceeds
 10 received upon redemption prior to maturity, proceeds received at
 11 maturity, and interest thereon, are exempt from taxation in the state of
 12 Indiana for all purposes except the financial institutions tax imposed
 13 under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

14 SECTION 8. IC 5-21-2-15 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. (a) All property of
 16 the commission is public property devoted to an essential public and
 17 governmental function and purpose and is exempt from all taxes and
 18 special assessments of the state or a political subdivision of the state.

19 (b) All bonds or loan contracts issued under this article are issued
 20 by a body corporate and politic of this state, but not a state agency, and
 21 for an essential public and governmental purpose. The bonds and loan
 22 contracts, the interest on them, the proceeds received by a holder from
 23 the sale of the bonds or loan contracts to the extent of the holder's cost
 24 of acquisition, proceeds received upon redemption before maturity,
 25 proceeds received at maturity, and the receipt of the interest and
 26 proceeds are exempt from taxation for all purposes except the financial
 27 institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax
 28 imposed under IC 6-4.1.

29 SECTION 9. IC 6-4.1-3-10 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. **(a) With respect**
 31 **to a person who dies before July 1, 2001**, the first one hundred
 32 thousand dollars (\$100,000) of **the decedent's** property interests
 33 transferred to a Class A transferee under a taxable transfer or transfers
 34 is exempt from the inheritance tax.

35 **(b) With respect to a person who dies after June 30, 2001, the**
 36 **entire amount of the decedent's property interests transferred to**
 37 **a Class A transferee is exempt from the inheritance tax.**

38 SECTION 10. IC 6-4.1-3-11 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. **(a) With respect**
 40 **to a person who dies before July 1, 2001**, the first five hundred
 41 dollars (\$500) of **the decedent's** property interests transferred to a
 42 Class B transferee under a taxable transfer or transfers is exempt from

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the inheritance tax.

(b) With respect to a person who dies after June 30, 2001, the amount of the decedent's property interests transferred to a Class B transferee as set forth in the following table is exempt from the inheritance tax:

DATE OF DEATH	AMOUNT OF EXEMPTION FOR CLASS B TRANSFEE
After June 30, 2001, and before July 1, 2002	The first \$100,000
After June 30, 2002, and before July 1, 2003	The first \$120,000

SECTION 11. IC 6-4.1-3-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) With respect to a person who dies before July 1, 2001, the first one hundred dollars (\$100) of the decedent's property interests transferred to a Class C transferee under a taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a person who dies after June 30, 2001, the amount of the decedent's property interests transferred to a Class C transferee as set forth in the following table is exempt from the inheritance tax:

DATE OF DEATH	AMOUNT OF EXEMPTION FOR CLASS C TRANSFEE
After June 30, 2001, and before July 1, 2002	The first \$20,000
After June 30, 2002, and before July 1, 2003	The first \$24,000

SECTION 12. IC 6-4.1-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. (a) For purposes of this section, the net taxable value of property interests transferred by a decedent to a particular transferee equals the remainder of:

(1) the total fair market value of the property interests transferred by the decedent to the transferee under a taxable transfer or transfers; minus

(2) the total amount of exemptions and deductions provided under sections 9-1 through 15 of IC 6-4.1-3, IC 6-4.1-3-10 through IC 6-4.1-3-15 with respect to the property interests so transferred.

(b) With respect to a person who dies before July 1, 2001, the



inheritance tax imposed on a decedent's transfer of property interests to a particular Class A transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
\$25,000 or less	1% of net taxable value
over \$25,000 but not over \$50,000	\$250, plus 2% of net taxable value over \$25,000
over \$50,000 but not over \$200,000	\$750, plus 3% of net taxable value over \$50,000
over \$200,000 but not over \$300,000	\$5,250, plus 4% of net taxable value over \$200,000
over \$300,000 but not over \$500,000	\$9,250, plus 5% of net taxable value over \$300,000
over \$500,000 but not over \$700,000	\$19,250, plus 6% of net taxable value over \$500,000
over \$700,000 but not over \$1,000,000	\$31,250, plus 7% of net taxable value over \$700,000
over \$1,000,000 but not over \$1,500,000	\$52,250, plus 8% of net taxable value over \$1,000,000
over \$1,500,000	\$92,250, plus 10% of net taxable value over \$1,500,000

(c) With respect to a person who dies after June 30, 2001, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class A transferee is zero dollars (\$0).

(d) With respect to a person who dies before July 1, 2003, the inheritance tax imposed on a decedent's transfer of property interests to a particular Class B transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
\$100,000 or less	7% of net taxable value
over \$100,000 but not over \$500,000	\$7,000, plus 10% of net taxable value over \$100,000



over \$500,000 but not	
over \$1,000,000	\$47,000, plus 12% of net
	taxable value over \$500,000
over \$1,000,000	\$107,000, plus 15% of net
	taxable value over \$1,000,000

(e) With respect to a person who dies after June 30, 2003, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class B transferee is zero dollars (\$0).

(f) With respect to a person who dies before July 1, 2003, the inheritance tax imposed on a decedent's transfer of property interests to a particular Class C transferee is prescribed in the following table:

**NET TAXABLE VALUE OF
PROPERTY INTERESTS**

TRANSFERRED	INHERITANCE TAX
\$100,000 or less	10% of net taxable value
over \$100,000 but not	
over \$1,000,000	\$10,000, plus 15% of net
	taxable value over
	\$100,000
over \$1,000,000	\$145,000, plus 20% of
	net taxable value over
	\$1,000,000

(g) With respect to a person who dies after June 30, 2003, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class C transferee is zero dollars (\$0).

SECTION 13. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. (a) This section applies to the estate of a person whose death occurs before July 1, 2003.

(b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula:

STEP ONE: Divide:

- (A) the value of the decedent's Indiana gross estate; by
- (B) the value of the decedent's total gross estate for federal estate tax purposes.

STEP TWO: Multiply:

- (A) the quotient determined under STEP ONE; by
- (B) the federal state death tax credit allowable against the decedent's federal estate tax.

The product is the Indiana portion of the federal state death tax credit.

STEP THREE: Subtract:



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(A) the amount of all Indiana inheritance taxes actually paid as a result of the decedent's death; from

(B) the product determined under STEP TWO.

STEP FOUR: Determine the greater of the following:

(A) The remainder determined under STEP THREE.

(B) Zero (0).

~~(b)~~ (c) For purposes of this section, the value of a nonresident decedent's Indiana gross estate equals the total fair market value on the appraisal date of tangible personal property and real estate which had an actual situs in Indiana at the time of the decedent's death and which is included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

~~(c)~~ (d) For purposes of this section, the value of a resident decedent's Indiana gross estate equals the total fair market value on the appraisal date of personal property and real estate that had an actual situs in Indiana at the time of the decedent's death and all intangible personal property wherever located that is included in the decedent's gross estate for federal estate tax purposes.

~~(d)~~ (e) For purposes of this section, the value of a resident or nonresident decedent's total gross estate for federal estate tax purposes equals the total fair market value on the appraisal date of the property included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

~~(e)~~ (f) For purposes of determining the value of a decedent's Indiana gross estate and the decedent's total gross estate, the appraisal date for each property interest is the date on which the property interest is valued for federal estate tax purposes.

~~(f)~~ (g) The estate tax does not apply to a property interest transfer made by a resident decedent if the interest transferred is in:

(1) real property located outside Indiana, regardless of whether the property is held in a trust or whether the trustee is required to distribute the property in-kind; or

(2) real property located in Indiana, if:

(A) the real property was transferred to an irrevocable trust during the decedent's lifetime;

(B) the transfer to the trust was not made in contemplation of the transferor's death, as determined under IC 6-4.1-2-4; and

(C) the decedent does not have a retained interest in the trust.

SECTION 14. IC 6-4.1-11-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 2.5. (a) This section applies to the estate of a person whose death occurs after June 30, 2003.**



(b) The Indiana estate tax is the amount determined in STEP THREE of the following formula:

STEP ONE: Divide:

- (A) the value of the decedent's Indiana gross estate; by
- (B) the value of the decedent's total gross estate for federal estate tax purposes.

STEP TWO: Multiply:

- (A) the quotient determined under STEP ONE; by
- (B) the federal state death tax credit allowable against the decedent's federal estate tax.

The product is the Indiana portion of the federal state death tax credit.

STEP THREE: Determine the greater of the following:

- (A) The product determined under STEP TWO.
- (B) Zero (0).

(c) For purposes of this section, the value of a nonresident decedent's Indiana gross estate equals the total fair market value on the appraisal date of tangible personal property and real estate that had an actual situs in Indiana at the time of the decedent's death and that is included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

(d) For purposes of this section, the value of a resident decedent's Indiana gross estate equals the total fair market value on the appraisal date of personal property and real estate that had an actual situs in Indiana at the time of the decedent's death and all intangible personal property wherever located that is included in the decedent's gross estate for federal estate tax purposes.

(e) For purposes of this section, the value of a resident or nonresident decedent's total gross estate for federal estate tax purposes equals the total fair market value on the appraisal date of the property included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

(f) For purposes of determining the value of a decedent's Indiana gross estate and the decedent's total gross estate, the appraisal date for each property interest is the date on which the property interest is valued for federal estate tax purposes.

(g) The estate tax does not apply to a property interest transfer made by a resident decedent if the interest transferred is in:

- (1) real property located outside Indiana, regardless of whether the property is held in a trust or whether the trustee

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1 is required to distribute the property in-kind; or

2 (2) real property located in Indiana, if:

3 (A) the real property was transferred to an irrevocable
4 trust during the decedent's lifetime;

5 (B) the transfer to the trust was not made in contemplation
6 of the transferor's death, as determined under
7 IC 6-4.1-2-4; and

8 (C) the decedent does not have a retained interest in the
9 trust.

10 SECTION 15. IC 6-4.1-12-6 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. The department of
12 state revenue:

13 (1) shall supervise the enforcement of this article;

14 (2) shall supervise the collection of taxes imposed under this
15 article;

16 (3) shall investigate the manner in which this article is
17 administered and enforced in the various counties of this state;

18 (4) shall provide the forms and books required to implement this
19 article;

20 (5) shall promulgate any rules or regulations which are necessary
21 for the interpretation or the enforcement of this article;

22 (6) may investigate any facts or circumstances which are relevant
23 to the taxes imposed under this article;

24 (7) shall provide the inheritance tax administrator with a secretary
25 **(until the elimination of the office of inheritance tax**
26 **administrator); and**

27 (8) may provide the inheritance tax administrator with assistants,
28 clerks, or stenographers **(until the elimination of the office of**
29 **inheritance tax administrator).**

30 SECTION 16. IC 6-4.1-12-11 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. The department of
32 state revenue and the inheritance tax administrator **(until the**
33 **elimination of the office of inheritance tax administrator)** shall
34 gather information and make investigations concerning the estates of
35 non-residents whose deaths result in the imposition of a tax under this
36 article.

37 SECTION 17. IC 6-4.1-12-12 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) The department,
39 the department's counsel, agents, clerks, stenographers, other
40 employees, or former employees, or any other person who gains access
41 to the inheritance tax files shall not divulge any information disclosed
42 by the documents required to be filed under this article. However,

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disclosure may be made in the following cases:

- (1) To comply with an order of a court.
- (2) To the members and employees of the department.
- (3) To the members and employees of county offices and courts to the extent they need the information for inheritance tax purposes. IC 5-14-3-6.5 does not apply to this subdivision.
- (4) To the governor.
- (5) To the attorney general.
- (6) To any other legal representative of the state in any action pertaining to the tax due under this article.
- (7) To any authorized officer of the United States, when the recipient agrees that the information is confidential and will be used solely for official purposes.
- (8) Upon the receipt of a certified request, to any designated officer of a tax department of any other state, district, territory, or possession of the United States, when the state, district, territory, or possession permits the exchange of like information with the taxing officials of Indiana and when the recipient agrees that the information is confidential and will be used solely for tax collection purposes.
- (9) Upon receipt of a written request, to the director of the division of family and children and to any county director of family and children, when the recipient agrees that the information is confidential and will be used only in connection with their official duties.
- (10) To the attorney listed on the inheritance tax return under IC 6-4.1-4-1 **(before its repeal)** or IC 6-4.1-4-7 **(before its repeal)**.
- (11) To a devisee, an heir, a successor in interest, or a surviving joint tenant of the decedent for whom an inheritance tax return was filed or, upon the receipt of a written request, to an agent or attorney of a devisee, an heir, a successor in interest, or a surviving joint tenant of the decedent.

(b) Any person who knowingly violates this section:

- (1) commits a Class C misdemeanor; and
- (2) shall be immediately dismissed from the person's office or employment, if the person is an officer or employee of the state.

SECTION 18. IC 6-8-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. (a) All bonds issued after March 11, 1959, or notes, warrants, or other evidences of indebtedness issued in the state of Indiana by or in the name of any county, township, city, incorporated town, school corporation, state educational institution or

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1 state supported institution of higher learning, or any other political,
 2 municipal, public or quasi-public corporation or body, or in the name
 3 of any special assessment or taxing district or in the name of any
 4 authorized body of any such corporation or district, the interest thereon,
 5 the proceeds received by a holder from the sale of such obligations to
 6 the extent of the holder's cost of acquisition, or proceeds received upon
 7 redemption prior to maturity, or proceeds received at maturity, and the
 8 receipt of such interest and proceeds, shall be exempt from taxation in
 9 the state of Indiana for all purposes except a ~~state inheritance~~ tax
 10 imposed under IC 6-4.1.

11 (b) All bonds issued after March 11, 1933, and before March 12,
 12 1959, by any municipality in this state under the provisions of any
 13 statute whereby the terms thereof provide for the payment of such
 14 bonds out of the funds derived from the revenues of any municipally
 15 owned utility or which are to be paid by pledging the physical property
 16 of any such municipally owned utility, or any bonds issued pledging
 17 both the physical property and the revenues of such utility, or any
 18 bonds issued for additions to or improvements to be made to such
 19 municipally owned utility, or any bonds issued by any municipality to
 20 be paid out of taxes levied by such municipality for the acquiring,
 21 purchase, construction, or the reconstruction of a utility, or any part
 22 thereof, shall be exempt from taxation for all purposes except a ~~state~~
 23 ~~inheritance~~ tax imposed under IC 6-4.1.

24 (c) This section does not apply to measuring the franchise tax
 25 imposed on the privilege of transacting the business of a financial
 26 institution in Indiana under IC 6-5.5.

27 (d) No other statute exempting interest paid on debt obligations of:

28 (1) a state or local public entity, including an agency, a
 29 government corporation, or an authority; or

30 (2) a corporation or other entity leasing real or personal property
 31 to an entity described in subdivision (1);

32 applies to measuring of the franchise tax imposed on financial
 33 institutions under IC 6-5.5.

34 SECTION 19. IC 8-10-1-27 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. (a) The exercise of
 36 the powers granted by this chapter will be in all respects for the benefit
 37 of the people of the state, for the increase of their commerce and
 38 prosperity, and for the improvement of their health and living
 39 conditions.

40 (b) As the operation and maintenance of a port project by the
 41 commission will constitute the performance of essential governmental
 42 functions, the commission shall not be required to pay any taxes or



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assessments upon any port project or any property acquired or used by the commission under the provisions of this chapter or upon the income therefrom. The bonds issued by the commission, the interest thereon, the proceeds received by a holder from the sale of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(c) Notwithstanding any other statute, a lessee's leasehold estate in land that is part of a port and that is owned by the state or the commission is exempt from property taxation.

SECTION 20. IC 8-14.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. All bonds or notes issued under this article are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and governmental purpose. The bonds and notes, the interest on the bonds and notes, the proceeds received by an owner from the sale of the bonds or notes to the extent of the owner's cost of acquisition, proceeds received upon redemption for maturity, proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 21. IC 8-21-9-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 31. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of an airport facility or airport facilities by the department will constitute the performance of essential governmental functions, the department shall not be required to pay any taxes or assessments upon any airport facility or airport facilities or any property acquired or used by the department under the provisions of this chapter, or upon the income therefrom, and the bonds issued under the provisions of this chapter, the interest thereon, the proceeds received by a holder from the sale of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under

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1 IC 6-4.1.

2 (b) All properties both real and personal owned and operated by the
3 department or leased by the department for proprietary purposes shall
4 be assessed and added to the local tax rolls as any other private
5 property. Such proprietary operations, under control of either the
6 authority or a lessee of the department, shall be subject to Indiana state
7 gross income, adjusted gross income, and sales tax laws.

8 SECTION 22. IC 8-22-3-17 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 17. (a) For the purpose
10 of raising money to pay all bonds issued under section 16 of this
11 chapter and any interest on them, the principal of and interest on any
12 outstanding bonds or obligations payable from taxes and assumed
13 under section 33 of this chapter, and leases entered into under
14 IC 8-22-3.6 that are payable in whole or in part from a property tax
15 levy, the board shall levy each year a special tax upon all of the
16 property, both real and personal, located within the district in a manner
17 and in an amount to meet and pay the principal of the bonds as they
18 severally mature, together with all interest accruing on them, and to pay
19 lease rentals as they become due, after taking into account all other
20 revenues pledged to the payment of the bonds or lease rentals.

21 (b) The board shall file the tax levied each year with the county
22 auditor of the county in which the district is located under IC 6-1.1-17.

23 (c) The tax levied shall be collected and enforced by the treasurer
24 of the county under IC 6-1.1, and as the tax is collected by the treasurer
25 of the county it shall be paid over to the treasurer of the authority. The
26 treasurer shall accumulate and keep the tax in a separate fund to be
27 known as the "airport authority bond fund", which shall be applied to
28 the payment of the bonds and the interest on them as they severally
29 mature and to the payment of lease rentals and to no other purposes.

30 (d) The bonds issued under this chapter and the interest on them are
31 exempt from taxation for all purposes except the financial institutions
32 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under
33 IC 6-4.1.

34 SECTION 23. IC 8-22-3-18.1 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 18.1. (a) The board
36 may:

- 37 (1) finance capital improvements, including the acquisition of real
- 38 estate;
- 39 (2) refund any bonds; or
- 40 (3) pay any loan contract;

41 by borrowing money and issuing revenue bonds from time to time
42 under this section.

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(b) The issuance of revenue bonds must be authorized by ordinance of the board in at least one (1) series, may bear a date or dates, may mature at a time or times not exceeding forty (40) years from their respective dates, may bear interest, may be in a denomination or denominations, may be in a form, either coupon or registered, may carry registration and conversion privileges, may be executed in a manner, may be payable in a medium of payment and at a place or places, may be subject to terms of redemption, with or without a premium, may be declared or become due before the maturity date, may provide for the replacement of mutilated, destroyed, stolen, or lost bonds, may be authenticated in a manner and upon compliance with conditions, and may contain other terms and covenants that the ordinance of the board provides. Notwithstanding the form or tenor of the bonds, and in the absence of express recitals on their faces that the bonds are nonnegotiable, the bonds are negotiable instruments.

(c) The issuance of revenue bonds must be approved as follows:

(1) When the authority is established by an eligible entity, by the entity's executive.

(2) When the authority is established by at least two (2) eligible entities acting jointly, by the executive of each of those entities.

(3) When the authority was established under IC 19-6-2 (before its repeal on April 1, 1980), by the executive of the consolidated city.

(4) When the authority was established under IC 19-6-3 (before its repeal on April 1, 1980), by the county fiscal body.

For purposes of this subsection, the entire legislative body of a town is considered the executive of the town.

(d) The bonds must be executed in the name of the authority by the president of the board and attested by the secretary, and interest coupons may be executed by placing on the interest coupons the facsimile signature of the president of the board. The bonds are valid and binding obligations of the authority for all purposes, notwithstanding that before delivery of the bonds any of the persons whose signatures appear on the bonds have ceased to be officers of the entity or authority, as if the persons had continued to be officers of the entity and authority until after delivery. The validity of the authorization and issuance of the bonds is not dependent on or affected in any way by proceedings taken for the improvement for which the bonds are to be issued, or by contracts made in connection with the improvement. An ordinance authorizing revenue bonds must provide that a revenue bond contain a recital that the bond is issued under this chapter, and a bond containing the recital under authority of an

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ordinance is considered valid and issued in conformity with this chapter.

(e) At the discretion of the board, the revenue bonds shall be sold either under the procedures for selling public bonds or at a negotiated sale. The bonds may be sold in installments at different times, or an entire issue or series may be sold or exchanged at one (1) time. Any issue or series of the bond may be sold in part or sold in part in installments at different times or at one (1) time.

(f) The bonds are special obligations of the authority and are payable solely from and secured by a lien upon the revenues of all or part of the facilities of the authority, as shall be more fully described in the ordinance of the board authorizing the issuance of the bonds, and, subject to the Constitution and to the prior or superior rights of any person, the board may by ordinance pledge and assign for the security of the bonds all or part of the gross or net revenues of the enterprise.

(g) All bonds of the same issue shall be equally and ratably secured, without priority by reason of number, date of bonds, of sale, of execution, or of delivery, by a lien upon the revenues in accordance with this section and the ordinance authorizing the issuance of the bonds.

(h) This chapter does not alter the rights granted to or the agreements made with the holders of any notes, bonds, or other obligations of the board outstanding on April 1, 1980.

(i) The bonds, and interest on the bonds, are not a debt of the authority or the board, nor a charge, a lien, or an encumbrance, legal or equitable, upon property of the board, or upon income, receipts, or revenues of the board other than those revenues of the facilities that have been pledged to the payment of the bonds. Every bond must recite in substance that the bond, including interest, is payable solely from the revenues pledged to the bond's payment, and that the board is under no obligation to pay the bond, except from those revenues.

(j) The bonds and the income from the bonds are exempt from taxation, except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(k) In order that the payment of the revenue bonds and the interest on the bonds be adequately secured, the board and its officers, agents, and employees shall:

(1) pay or cause to be paid punctually the principal of every bond, and the interest on every bond, on the date or dates and at the place or places and in the manner and out of the funds mentioned in the bonds and in the attached coupons, in accordance with the ordinance authorizing their issuance;

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(2) operate the facilities of the authority, the revenues of which are pledged to the bonds, in an efficient and economical manner and establish, levy, maintain, and collect fees, tolls, rentals, rates, and other charges that may be necessary or proper, which must be at least sufficient after making due and reasonable allowance for contingencies and for a margin of error in the estimates:

(A) to pay all current expenses of operation, maintenance, and repair of the facilities;

(B) to pay the interest on and principal of the bonds as the bonds become due and payable;

(C) to comply in all respects with the terms of the ordinance authorizing the issuance of bonds or any other contract or agreement with the holders of the bonds; and

(D) to meet any other obligations of the board that are charges, liens, or encumbrances upon the revenues of the facilities;

(3) operate and maintain the facilities and every part of the facilities in good working order and condition;

(4) preserve the security of the bonds and the rights of the holders, and warrant and defend the rights against all claims and demands of all persons;

(5) pay the lawful claims for labor, materials, and supplies, which, if unpaid, might by law become a lien or charge upon the revenues or part of the revenues, superior to the lien of the bonds, or that might impair the security of the bonds, to the end that the priority and security of the bonds be fully preserved;

(6) hold in trust the revenues pledged to the payment of the bonds for the benefit of the holders of the bonds and apply the revenues only as provided by the ordinance authorizing the issuance of the bonds or, if the ordinance is modified, as provided in the ordinance as modified; and

(7) keep proper books of record and accounts of the facilities (separate from all other records and accounts) in which complete and correct entries are made of all transactions relating to the facilities or part of the facilities, the revenues of which are pledged and that, together with all other books and papers of the board, are at all times subject to the inspection of the holder or holders of not less than ten percent (10%) of the bonds then outstanding or the holder's or the holders' representative duly authorized in writing.

None of the duties in this subsection require the expenditure in any manner or for any purpose by the board of any funds other than revenues received or receivable from the enterprise or facilities.

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(l) The board may insert provisions in an ordinance or a resolution authorizing the issuance of revenue bonds, which becomes a part of the contract with the holders of the revenue bonds, as to:

(1) limitations on the purpose to which the proceeds of sale of any issue of revenue bonds, or any notes, bonds, or other obligations payable from the revenues to finance the improving of the facilities may be applied;

(2) limitations on the issuance of additional bonds, or additional notes, bonds, or other obligations to finance the improving of the facilities, including liens;

(3) limitations on the right of the board to restrict and regulate the use of the facilities;

(4) the amount and kind of insurance to be maintained on the facilities and the use and disposition of insurance money;

(5) pledging all or part of the revenues of the facilities to which the board's right exists;

(6) covenanting against pledging all or part of the revenues of the facilities to which its right exists;

(7) events of default and terms and conditions upon which the bonds become or may be declared due before maturity and as to the terms and conditions upon which declaration and its consequences may be waived;

(8) the rights, liabilities, powers, and duties arising upon the breach by it of any covenants, conditions, or obligations;

(9) the vesting in a trust or trustees the right to enforce covenants made to secure, to pay, or in relation to the bonds, as to the powers and duties of the trustee or trustees, and the limitation of liabilities, and as to the terms and conditions upon which the holders of the bonds or any proportion or percentage of the holders of the bonds may enforce any covenants made or duties imposed under this chapter;

(10) a procedure by which the terms of an ordinance authorizing revenue bonds, or any other contract with bondholders, such as an indenture of trust or similar instrument, may be amended or abrogated and as to the amount of bonds, the holders of which must consent to them and the manner in which such consent may be given;

(11) the execution of all instruments necessary or convenient in the exercise of the powers granted by this chapter or in the performance of the duties of the board and the officers, agents, and employees of them;

(12) refraining from pledging, claiming, or taking the benefit or

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1 advantage of any stay or extension law whenever enacted, which
 2 may affect the duties or covenants of the board in relation to the
 3 bonds, or the performance or the lien of the bonds;

4 (13) the purchase out of funds available, including the proceeds
 5 of revenue bonds, of outstanding notes, bonds, or obligations and
 6 the price or prices at which and the manner in which purchases
 7 may be made; and

8 (14) other acts and things that may be necessary, convenient, or
 9 desirable in order to secure the bonds, or that may tend to make
 10 the bonds more marketable.

11 This section does not authorize the board to make covenants, to
 12 perform an act, or to do anything that requires the expenditure by the
 13 board of funds other than revenues received or receivable from the
 14 facilities.

15 (m) In the event that the board defaults in the payment of the
 16 principal or interest on any of the revenue bonds after the bonds
 17 become due, whether at maturity or upon call for redemption, and the
 18 default continues for a period of thirty (30) days, or in the event that the
 19 board or the board's officers, agents, or employees fail or refuse to
 20 comply with this chapter or default in an agreement made with the
 21 holders of the bonds, any holder or holders of revenue bonds, or a
 22 trustee for the holder or holders of the bonds, has the right to apply in
 23 an appropriate judicial proceeding to the circuit or superior court of the
 24 county in which the district is situated, in which the facilities are
 25 located, or in any court of competent jurisdiction, for the appointment
 26 of a receiver of the facilities, whether or not the holder, holders, or
 27 trustee is seeking or has sought to enforce any other right or to exercise
 28 any remedy in connection with the bonds. Upon application, the circuit
 29 or superior court may appoint, and if the application is made by the
 30 holders of twenty-five percent (25%) in principal amount of the bonds
 31 then outstanding or by a trustee for holders of the bonds in that amount
 32 shall appoint, a receiver for the enterprise.

33 (n) The receiver appointed shall, directly or by the receiver's agents
 34 and attorneys, enter into and upon and take possession of the facilities,
 35 the revenues of which are pledged, and every part of the facilities, and
 36 may exclude the board, the board's officers, agents, and employees, and
 37 all persons claiming under them. The receiver may have, hold, use,
 38 operate, manage, and control the facilities in the name of the board or
 39 otherwise, as the receiver considers best, and may exercise all rights
 40 and powers of the board with respect to the facilities as the board itself
 41 might do. The receiver shall maintain, restore, and insure the facilities,
 42 shall make all necessary repairs, shall establish, levy, maintain, and

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1 collect fees, tolls, rentals, and other charges in connection with the
 2 facilities that the receiver considers necessary or proper and
 3 reasonable, and shall collect and receive all revenues, deposit the
 4 revenues in a separate account, and apply the revenues in the manner
 5 that the court directs.

6 (o) Whenever all that is due upon the revenue bonds and interest on
 7 the bonds, and upon other notes, bonds, or other obligations, and
 8 interest on the notes, bonds, or obligations, having a charge, lien, or
 9 encumbrance on the revenues of the facilities and under the terms of
 10 covenants or agreements with bondholders has been paid or deposited,
 11 and all defaults have been cured and made good, the court may in its
 12 discretion, and after notice and hearing that the court considers
 13 reasonable and proper, direct the receiver to surrender possession of
 14 the facilities to the board, with the right of the holders of the bonds to
 15 secure the appointment of a receiver upon subsequent default
 16 remaining in force.

17 (p) The receiver shall act under the direction and supervision of the
 18 court making the appointment and is at all times subject to the orders
 19 and decrees of the court, including possible removal. Nothing
 20 contained in this section limits or restricts the jurisdiction of the court
 21 to enter other or further orders and decrees as the court considers
 22 necessary or appropriate for the exercise by the receiver of functions
 23 specifically set forth.

24 (q) Subject to contractual limitations binding upon the holders or a
 25 trustee of an issue of revenue bonds, including but not limited to the
 26 restrictions of the exercise of a remedy to a specified proportion or
 27 percentage of the holders, a holder or trustee of the bonds may, for the
 28 equal benefit and protection of all holders of revenue bonds similarly
 29 situated:

30 (1) by mandamus or other suit, action, or proceeding at law or in
 31 equity enforce rights against the board and any of the board's
 32 officers, agents, and employees and require and compel the board
 33 or the board's officers, agents, or employees to perform and carry
 34 out duties and obligations under this chapter and covenant
 35 agreements with bondholders;

36 (2) by action or suit in equity require the board to account as if the
 37 board were the trustee of an express trust;

38 (3) by action or suit in equity enjoin any acts or things that may be
 39 unlawful or in violation of the rights of the bondholders; or

40 (4) bring suit upon the bonds.

41 No remedy conferred by this chapter upon a holder or trustee of
 42 revenue bonds is intended to be exclusive of any other remedy, but

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each remedy is in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by this chapter or by any other law. No waiver of a default or breach of duty or contract, whether by a holder or trustee of revenue bonds extends to or affects a subsequent default or breach of duty or contract or impairs any rights or remedies on them. No delay or omission of a bondholder or trustee extends to or affects a subsequent default or breach of duty or contract or impairs any rights or remedies. No delay or omission of a bondholder or trustee to exercise a right or power accruing upon default impairs the right or power or may be construed to be a waiver of the default or acquiescence in it. Every substantive right and every remedy conferred upon the holders of revenue bonds may be enforced and exercised from time to time and as often as is expedient. In case any suit, action, or proceeding to enforce a right or exercise a remedy is brought or taken and then discontinued or abandoned, or is determined adversely to the holder or trustee of the revenue bonds, then the board and the holder or trustee shall be restored to their former positions and rights and remedies as if no suit, action, or proceeding had been brought or taken.

(r) Refunding or refunding and improvement revenue bonds may be issued in accordance with the provisions for the refinancing or refinancing and improving of any of the facilities for which revenue bonds or a loan contract have been issued or made under this section or section 19 of this chapter.

(s) This section constitutes full authority for the issuance of revenue bonds. No procedure, proceedings, publications, notices, consents, approvals, orders, acts, or things by the board, by a board, an officer, a commission, a department, an agency, or an instrumentality of the state, or by an eligible entity is required to issue revenue bonds or to do any act or perform anything under this chapter, except as presented by this chapter. The powers conferred by this chapter are in addition to, and not in substitution for, and the limitations imposed by this section do not affect the powers conferred in another section of this chapter or by any other statute.

SECTION 24. IC 8-22-3.7-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 21. (a) All:

- (1) property owned by the development authority;
- (2) revenues of the development authority; and
- (3) bonds issued by the development authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity,

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and the receipt of interest in proceeds;
are exempt from taxation in Indiana for all purposes except the
financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~
tax imposed under IC 6-4.1.

(b) All securities issued under this chapter are exempt from the
registration requirements of IC 23-2-1 and other securities registration
statutes.

SECTION 25. IC 14-13-1-38 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 38. (a) The commission
is not required to pay any taxes or assessments upon any of the
following:

- (1) A project of the commission.
- (2) A facility, betterment, or improvement within a project.
- (3) Property acquired or used by the commission under this
chapter or IC 14-6-29 (before its repeal).
- (4) The income or revenue from the property.

(b) The:

- (1) bonds issued under this chapter or under IC 14-6-29 (before
its repeal);
- (2) interest on the bonds;
- (3) proceeds received by a holder from the sale of the bonds to the
extent of the holder's cost of acquisition;
- (4) proceeds received upon redemption before maturity or
proceeds received at maturity; and
- (5) receipt of interest and proceeds;

are exempt from taxation in Indiana for all purposes except the
financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~
tax imposed under IC 6-4.1.

SECTION 26. IC 14-13-2-28 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 28. (a) The commission
is not required to pay any taxes or assessments upon any of the
following:

- (1) A project of the commission.
- (2) A facility, a betterment, or an improvement within a project.
- (3) Property acquired or used by the commission under this
chapter or under IC 14-6-29.5 (before its repeal).
- (4) The income or revenue from the property.

(b) The:

- (1) bonds issued under this chapter or under IC 14-6-29.5 (before
its repeal);
- (2) interest on the bonds;
- (3) proceeds received by a holder from the sale of the bonds to the



1 extent of the holder's cost of acquisition;

2 (4) proceeds received upon redemption before maturity or
3 proceeds received at maturity; and

4 (5) receipt of interest and proceeds;

5 are exempt from taxation in Indiana for all purposes except the
6 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~
7 tax imposed under IC 6-4.1.

8 SECTION 27. IC 14-14-1-46 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 46. (a) The exercise of
10 the powers granted by this chapter will be in all respects for the benefit
11 of the people of Indiana and for the increase of their commerce, health,
12 enjoyment, and prosperity. The operation and maintenance of a park
13 project by the commission will constitute the performance of essential
14 governmental functions.

15 (b) The commission is not required to pay taxes or assessments
16 upon a park project or property acquired or used by the commission
17 under this chapter or IC 14-3-12 (before its repeal) or upon the income
18 from the property. The following are exempt from taxation in Indiana
19 for all purposes except the financial institutions tax imposed under
20 IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1:

21 (1) Bonds issued under this chapter or under IC 14-3-12 (before
22 its repeal).

23 (2) Interest on the bonds.

24 (3) Proceeds:

25 (A) received by a holder from the sale of bonds to the extent
26 of the holder's cost of acquisition;

27 (B) received upon redemption before maturity; or

28 (C) received at maturity.

29 (4) Receipt of the interest and proceeds.

30 SECTION 28. IC 15-1.5-9-9 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. Interest paid on
32 bonds issued under this chapter is exempt from taxation for all
33 purposes, except ~~an inheritance~~ a tax under IC 6-4.1 and for
34 determining financial institution tax liabilities under IC 6-5.5.

35 SECTION 29. IC 16-22-6-34 IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 34. The following are
37 exempt from state taxation except for the financial institutions tax
38 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under
39 IC 6-4.1:

40 (1) Property owned by the authority.

41 (2) Revenues of the authority.

42 (3) Bonds or other securities and the interest on bonds and

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securities issued by the authority.

(4) Proceeds received by a holder from the sale of the bonds, to the extent of the holder's cost of acquisition.

(5) Proceeds received upon redemption at or before maturity and the interest on the proceeds.

SECTION 30. IC 16-22-7-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 39. The following are exempt from state taxation except the financial institutions tax imposed under IC 6-5.5 and the state inheritance tax taxes imposed under IC 6-4.1:

(1) All property owned by the authority.

(2) All revenues of the authority.

(3) All bonds or other securities issued by the authority and the interest on the bonds or other securities, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption at or before maturity and the interest on the proceeds.

SECTION 31. IC 20-12-63-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare, and prosperity, and for the improvement of their health and living conditions. Because the operation and maintenance of a project by the authority or its agent will constitute the performance of an essential public function, neither the authority nor its agent shall be required to pay any taxes or assessments, including mortgage recording taxes, upon or in respect of:

(1) a project or any property acquired or used by the authority or its agent under the provisions of this chapter or upon the income from the project or property;

(2) the bonds issued under the provisions of this chapter or the interest on those bonds; and

(3) the proceeds received from bonds issued under this chapter:
 (A) by a holder from the sale of such bonds, to the extent of the holder's cost of acquisition;
 (B) upon redemption prior to maturity; or
 (C) at maturity.

All bonds and the interest on bonds issued under this chapter are exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

SECTION 32. IC 27-1-29-17 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 17. (a) As used in this section:

(1) "basic fund" refers to the political subdivision risk management fund established by this chapter; and

(2) "catastrophic fund" refers to the political subdivision catastrophic liability fund established by IC 27-1-29.1.

(b) The commission may issue its bonds or notes in amounts that it considers necessary to provide funds to:

(1) establish or maintain the reserve account in the catastrophic fund provided for in IC 27-1-29.1-8;

(2) provide for the payment of liabilities payable out of the basic fund to the extent such liabilities exceed the money in the basic fund; and

(3) pay, fund, or refund, regardless of when due, the principal of or interest or redemption premiums on bonds or notes issued under subdivision (1) or (2).

Bonds or notes issued under subdivision (2) must mature within three (3) years after their date of issuance.

(c) The bonds or notes of the commission may be issued and sold by the commission to the Indiana bond bank under IC 5-1.5.

(d) Every issue of bonds or notes is an obligation of the commission. An issue of bonds or notes under subsection (b)(1) is payable solely from assessments imposed by the commission under IC 27-1-29.1 on political subdivisions that are members of the catastrophic fund, and the commission may secure such bonds or notes by a pledge of assessments imposed under IC 27-1-29.1. An issue of bonds or notes under subsection (b)(2) is payable solely from assessments imposed by the commission under section 12 of this chapter on political subdivisions that are members of the basic fund, and the commission may secure such bonds or notes by a pledge of assessments imposed under section 12 of this chapter.

(e) A bond or note of the commission:

(1) is not a debt, liability, loan of credit, or pledge of the faith and credit of the state; and

(2) must contain on its face a statement that the commission is obligated to pay principal and interest, and the redemption premium, if any, and that the faith, credit, and taxing power of the state are not pledged to the payment of the bond or note.

(f) The state pledges to and agrees with the holders of the bonds or notes issued under this chapter that the state will not:

(1) limit or restrict the rights vested in the commission to fulfill the terms of any agreement made with the holders of its bonds or

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notes; or

(2) in any way impair the rights or remedies of the holders of the bonds or notes;

until the bonds or notes, together with the interest on the bonds or notes, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met, paid, and discharged.

(g) The bonds or notes of the commission are negotiable instruments for all purposes of IC 26-1, subject only to the provisions of the bonds and notes for registration.

(h) Bonds or notes of the commission must be authorized by resolution of the commission, may be issued in one (1) or more series, and must:

(1) bear the date;

(2) mature at the time or times;

(3) be in the denomination;

(4) be in the form;

(5) carry the conversion or registration privileges;

(6) have the rank or priority;

(7) be executed in the manner;

(8) be payable from the sources in the medium of payment at the place inside or outside the state; and

(9) be subject to the terms of redemption;

as the resolution of the commission or the trust agreement securing the bonds or notes provides.

(i) Bonds or notes may be issued under this chapter without obtaining the consent of any agency of the state and without any other proceeding or condition other than the proceedings or conditions specified in this chapter.

(j) The rate or rates of interest on the bonds or notes may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution authorizing the issuance of the bonds or notes. Bonds or notes bearing a variable rate of interest may be converted to bonds or notes bearing a fixed rate or rates of interest, and bonds or notes bearing a fixed rate or rates of interest may be converted to bonds or notes bearing a variable rate of interest, to the extent and in the manner set forth in the resolution pursuant to which the bonds or notes are issued. The interest on bonds or notes may be payable semiannually or annually or at any other interval or intervals as may be provided in the resolution, or the interest may be compounded and paid at maturity or at any other times as may be specified in the resolution.

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(k) The bonds or notes may be made subject, at the option of the holders, to mandatory redemption by the commission at the times and under the circumstances set forth in the authorizing resolution.

(l) Bonds or notes of the commission may be sold at public or private sale at such price, either above or below the principal amount, as the commission fixes. If bonds or notes of the commission are to be sold at public sale, the commission shall comply with IC 5-1-11 and shall publish notice of the sale in accordance with IC 5-3-1-2 in two (2) newspapers published and of general circulation in Indianapolis.

(m) The commission may periodically issue its notes under this chapter and pay and retire the principal of the notes, pay the interest due on the notes, or fund or refund the notes from proceeds of bonds or of other notes or from other funds or money of the commission available for that purpose in accordance with a contract between the commission and the holders of the notes.

(n) The commission may secure any bonds or notes issued under this chapter by a trust agreement by and between the commission and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside Indiana.

(o) The trust agreement or the resolution providing for the issuance of the bonds or notes may contain provisions for protecting and enforcing the rights and remedies of the holders of any such bonds or notes as are reasonable and proper and not in violation of law.

(p) The trust agreement or resolution may set forth the rights and remedies of the holders of any bonds or notes and of the trustee and may restrict the individual right of action by the holders.

(q) In addition to the provisions of subsections (n) through (p), any trust agreement or resolution may contain other provisions the commission considers reasonable and proper for the security of the holders of any bonds or notes.

(r) All expenses incurred in carrying out the provisions of the trust agreement or resolution may be paid from assessments, revenues, or assets pledged or assigned to the payment of the principal of and the interest on bonds and notes or from any other funds available to the commission.

(s) Notwithstanding the restrictions of any other law, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued under this chapter.

(t) All bonds or notes issued under this chapter are issued by a body

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1 corporate and politic of this state, but not a state agency, and for an
 2 essential public and government purpose and the bonds and notes, the
 3 interest thereon, the proceeds received by a holder from the sale of the
 4 bonds or notes to the extent of the holder's cost of acquisition, proceeds
 5 received upon redemption before maturity, and proceeds received at
 6 maturity, and the receipt of the interest and proceeds are exempt from
 7 taxation in Indiana for all purposes except the financial institutions tax
 8 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under
 9 IC 6-4.1.

10 SECTION 33. IC 28-5-2-2 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. If any certificate
 12 holder of any industrial loan and investment company shall die, leaving
 13 unpledged certificates in such company and no executor of his will or
 14 administrator of his estate has been appointed, such company, upon
 15 receiving a waiver from the inheritance tax administrator (**or, after the**
 16 **elimination of the office of inheritance tax administrator, from the**
 17 **department of state revenue**) under IC 6-4.1, may, in its discretion,
 18 pay the value of such certificates to the widow, widower, or next of kin,
 19 or may apply the value of such certificates to the payment of funeral
 20 expenses or the expenses of the last sickness or other just debts of the
 21 decedent. As a condition of such payment, such company shall require
 22 proof by affidavit as to the parties in interest and shall also require the
 23 filing of proper waivers and the execution of a bond of indemnity with
 24 proper sureties from the parties interested, and a proper acquittance and
 25 receipt for such payment by the person to whom such payment is made
 26 shall fully release the company, and such company shall not thereafter
 27 be held liable to the decedent's executor or administrator thereafter
 28 appointed, or to any other person.

29 SECTION 34. IC 29-1-17-14 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) If, after an estate
 31 has been settled and the personal representative discharged, other
 32 property of the estate shall be discovered, or if it shall appear that any
 33 necessary act remains unperformed on the part of the personal
 34 representative, or for any other proper cause, the court, upon the
 35 petition of the discharged personal representative or any person
 36 interested in the estate and, without notice or upon such notice as it
 37 may direct, may order that said estate be reopened. It may reappoint the
 38 personal representative or appoint another personal representative to
 39 administer such property or perform such act as may be deemed
 40 necessary. Unless the court shall otherwise order, the provisions of this
 41 article as to an original administration shall apply to the proceedings
 42 had in the reopened administration so far as may be, but no claim

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1 which is already barred can be asserted in the reopened administration.

2 (b) Whenever any solvent estate has been closed, and it thereafter
3 appears that any assets thereof have not been fully administered upon,
4 the court may, if it appears practicable, order such assets distributed to,
5 or title vested in, the persons entitled thereto after compliance with
6 requirements as to ~~an inheritance~~ a tax imposed under IC 6-4.1, in lieu
7 of reopening the estate as provided in the preceding subsection. No
8 additional notice of such proceedings shall be necessary unless so
9 ordered by the court.

10 SECTION 35. IC 29-1-17-15.1 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15.1. (a) Whenever any
12 person has died leaving property or any interest therein and no general
13 administration has been commenced on his estate in this state, nor has
14 any will been offered for probate in this state, within five (5) months
15 after his death, any person claiming an interest in such property as heir
16 or through an heir may file a petition in any court which would be of
17 proper venue for the administration of such decedent's estate, to
18 determine the heirs of said decedent and their respective interests as
19 heirs in the estate.

20 (b) The petition shall state:

- 21 (1) The name, age, domicile and date of death of the decedent;
- 22 (2) The names, ages and residence addresses of the heirs, so far
- 23 as known or can with reasonable diligence be ascertained;
- 24 (3) The names and residence addresses of any persons claiming
- 25 any interest in such property through an heir, so far as known or
- 26 can by reasonable diligence be ascertained;
- 27 (4) A particular description of the property with respect to which
- 28 such determination is sought;
- 29 (5) The net value of the estate.

30 (c) Upon the filing of the petition, the court shall fix the time for the
31 hearing thereof, notice of which shall be given to:

- 32 (1) All persons known or believed to claim any interest in the
- 33 property as heir or through an heir of the decedent;
- 34 (2) All persons who may at the date of the filing of the petition be
- 35 shown by the records of conveyances of the county in which any
- 36 real property described in such petition is located to claim any
- 37 interest therein through the heirs of the decedent; and
- 38 (3) Any unknown heirs of the decedent.

39 Such notice shall be given by publication and, in addition personal
40 notice by registered mail shall be given to every such person whose
41 address is known to the petitioner. Upon satisfactory proofs, including
42 proof of compliance with ~~inheritance~~ the tax laws of this state set forth

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1 **in IC 6-4.1**, the court shall make a decree determining the heirs of said
 2 decedent and their respective interests as heirs in said property.

3 (d) A certified copy of the decree shall be recorded at the expense
 4 of the petitioner in each county in which any real property described
 5 therein is situated except the county in which the decree is entered, and
 6 shall be conclusive evidence of the facts determined therein as against
 7 all parties to the proceedings.

8 SECTION 36. IC 29-3-3-3 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. Except as otherwise
 10 determined in a dissolution of marriage proceeding, a custody
 11 proceeding, or in some other proceeding authorized by law, including
 12 a proceeding under section 6 of this chapter or another proceeding
 13 under this article, and unless a minor is married, the parents of the
 14 minor jointly (or the survivor if one (1) parent is deceased), if not an
 15 incapacitated person, have, without the appointment of a guardian,
 16 giving of bond, or order or confirmation of court, the right to custody
 17 of the person of the minor and the power to execute the following on
 18 behalf of the minor:

19 (1) Consent to the application of subsection (c) of Section 2032A
 20 of the Internal Revenue Code, which imposes personal liability
 21 for payment of the tax under that Section.

22 (2) Consent to the application of Section 6324A of the Internal
 23 Revenue Code, which attaches a lien to property to secure
 24 payment of taxes deferred under Section 6166 of the Internal
 25 Revenue Code.

26 (3) Any other consents, waivers, or powers of attorney provided
 27 for under the Internal Revenue Code.

28 (4) Waivers of notice permissible with reference to proceedings
 29 under IC 29-1.

30 (5) Consents, waivers of notice, or powers of attorney under any
 31 statute, including the ~~Indiana inheritance tax law (IC 6-4.1)~~, **laws**
 32 **set forth in IC 6-4.1**, the Indiana gross income tax law (IC 6-2.1),
 33 and the Indiana adjusted gross income tax law (IC 6-3).

34 (6) Consent to unsupervised administration as provided in
 35 IC 29-1-7.5.

36 (7) Federal and state income tax returns.

37 (8) Consent to medical or other professional care, treatment, or
 38 advice for the minor's health and welfare.

39 SECTION 37. IC 30-4-1-2, AS AMENDED BY P.L.41-2000,
 40 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2001]: Sec. 2. As used in this article:

42 (1) "Adult" means any person eighteen (18) years of age or older.

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(2) "Affiliate" means a parent, descendant, spouse, spouse of a descendant, brother, sister, spouse of a brother or sister, employee, director, officer, partner, joint venturer, a corporation subject to common control with the trustee, a shareholder, or corporation who controls the trustee or a corporation controlled by the trustee other than as a fiduciary.

(3) "Beneficiary" means any cestui que trust or person named or a member of the class designated in the terms of the trust to be any person or class of persons for whose benefit the title to the trust property is held and for whom the trust is to be administered.

(4) "Breach of trust" means a violation by the trustee of any duty which is owed to the settlor or beneficiary.

(5) "Charitable trust" means a trust in which all the beneficiaries are the general public or organizations, including trusts, corporations, and associations, and that is organized and operated wholly for religious, charitable, scientific, public safety testing, literary, or educational purposes. The term does not include charitable remainder trusts, charitable lead trusts, pooled income funds, or any other form of split-interest charitable trust that has at least one (1) noncharitable beneficiary.

(6) "Court" means a court having jurisdiction over trust matters.

(7) "Income beneficiary" means a beneficiary to whom income is presently payable or for whom it is accumulated for distribution as income.

(8) "Inventory value" means the cost of property to the settlor or the trustee at the time of acquisition or the market value of the property at the time it is delivered to the trustee, or the value of the property as finally determined for purposes of ~~an estate or inheritance~~ **a tax law set forth in IC 6-4.1.**

(9) "Minor" means any person under the age of eighteen (18) years.

(10) "Person" means a natural person, corporation, or a unit, agency, or other subdivision of national, state, or local government.

(11) "Personal representative" means an executor or administrator of a decedent's or absentee's estate, guardian of the person or estate, guardian ad litem or other court appointed representative, next friend, parent or custodian of a minor, attorney in fact, or custodian of an incapacitated person (as defined in IC 29-3-1-7.5).

(12) "Remainderman" means a beneficiary entitled to principal, including income which has been accumulated and added to the

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principal.

(13) "Settlor" means a person who establishes a trust including the testator of a will under which a trust is created.

(14) "Trust estate" means the trust property and the income derived from its use.

(15) "Trust for a benevolent public purpose" means a charitable trust (as defined in subdivision (5)), a split-interest trust (as defined in Section 4947 of the Internal Revenue Code), and any other form of split-interest charitable trust that has both charitable and noncharitable beneficiaries, including but not limited to charitable remainder trusts, charitable lead trusts, and charitable pooled income funds.

(16) "Trust property" means property either placed in trust or purchased or otherwise acquired by the trustee for the trust regardless of whether the trust property is titled in the name of the trustee or the name of the trust.

(17) "Trustee" means the person who is charged with the responsibility of administering the trust and includes a successor or added trustee.

SECTION 38. IC 30-4-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) The following charges shall be made against income:

(1) Ordinary expenses incurred in the administration, management, or preservation of the trust property, including but not limited to regularly recurring taxes assessed against any portion of the principal, water rates, premiums on insurance taken upon the interests of the income beneficiary, remainderman, or trustee, interest paid by the trustee, and ordinary repairs.

(2) A reasonable allowance for depreciation on property subject to depreciation under generally accepted accounting principles, but no allowance may be made for depreciation of that portion of any real property used by a beneficiary as a residence or for depreciation of any property held by the trustee on September 2, 1971, for which he is not then making an allowance for depreciation.

(3) Fifty percent (50%) of court costs, attorney's fees, and other fees on periodic judicial accounting, unless the court directs otherwise.

(4) Court costs, attorney's fees, and other fees on other accountings or judicial proceedings if the matter primarily concerns the income interest unless the court directs otherwise.

(5) Fifty percent (50%) of the trustee's regular compensation and

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fifty percent (50%) of the fee of an agent of the trustee charged in lieu of all or part of the trustee's regular compensation, whether based on a percentage of principal or income, and all expenses reasonably incurred by him for current management of principal and application of income.

(6) Any tax levied upon receipts defined as income under this article or the trust instrument and payable by the trustee.

(b) If charges against income are of unusual amount, the trustee may, by means of reserves or other reasonable means, charge them over a reasonable period of time and withhold from distribution sufficient sums to regularize distributions.

(c) The following charges shall be made against principal:

(1) Compensation of the trustee and an agent of the trustee not chargeable to income under subsection (a)(4) and (a)(5), special compensation of the trustee and an agent of the trustee, expenses reasonably incurred in connection with principal, the court costs and attorney's fees primarily concerning matters of principal, and the compensation of the trustee and an agent of the trustee computed on the principal as an acceptance, distribution, or termination fee. However, if in the judgment of the trustee the charging of all or part of the compensation to the principal is impracticable because of the lack of sufficient principal cash and readily marketable intangible personal property or inadvisable because of the nature of the assets, all or part of the compensation may be paid out of income. The decision of the trustee to pay a larger portion or all of the compensation out of income is conclusive, and the income of the trust is not entitled to reimbursement from the principal at any subsequent time.

(2) Charges not provided for in subsection (a), including the cost of investing and reinvesting principal, the payments on principal of an indebtedness (including a mortgage amortized by periodic payments or principal), expenses for preparation of property for rental or sale, and, unless the court directs otherwise, expenses incurred in maintaining or defending any action to construe the trust or protect it or the property or assure the title of any trust property.

(3) Extraordinary repairs or expenses incurred in making a capital improvement to principal, including special assessments, but, a trustee may establish an allowance for depreciation out of income to the extent permitted by subsection (a)(2) of this section and by sections 6 and 7 of this chapter.

(4) Any tax levied upon profit, gain, or other receipts allocated to

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principal notwithstanding characterization of the tax as an income tax by the taxing authority.

(5) If ~~an estate or inheritance~~ a tax is levied **under IC 6-4.1** in respect to a trust in which both an income beneficiary and a remainderman have an interest, any amount apportioned to the trust, including interest and penalties, even though the income beneficiary also has rights in the principal.

(d) Regularly recurring charges payable from income shall be apportioned to the same extent and in the same manner that income is apportioned under section 3 of this chapter.

SECTION 39. IC 33-19-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) Except as provided under subsection (c), for each action filed under:

- (1) IC 6-4.1-5 (determination of inheritance tax, **based on a cause of action arising before the repeal of IC 6-4.1-5**);
- (2) IC 29 (probate); and
- (3) IC 30 (trusts and fiduciaries);

the clerk shall collect from the party filing the action a probate costs fee of one hundred twenty dollars (\$120).

(b) In addition to the probate costs fee collected under this section, the clerk shall collect from the party filing the action a document fee if it is required under IC 33-19-6.

(c) A clerk may not collect a court costs fee for the filing of the following exempted actions:

- (1) Petition to open a safety deposit box.
- (2) Filing an inheritance tax return (**where a return is due before the repeal of IC 6-4.1-2**), unless proceedings other than the court's approval of the return become necessary.
- (3) Offering a will for probate under IC 29-1-7, unless proceedings other than admitting the will to probate become necessary.

SECTION 40. IC 34-24-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) If:

- (1) the court has entered judgment in favor of the state, and a unit (if appropriate) concerning property that is subject to seizure under this chapter; and
- (2) a person:

- (A) holding a valid lien, mortgage, security interest, or interest under a conditional sales contract; or
- (B) who is a co-owner of the property;

did not know of the illegal use;

the court shall determine whether the secured interest or the co-owner's

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1 interest is equal to or in excess of the appraised value of the property.

2 (b) Appraised value is to be determined as of the date of judgment
3 on a wholesale basis by:

4 (1) agreement between the secured party or the co-owner and the
5 prosecuting attorney; or

6 (2) the inheritance tax appraiser for the county in which the action
7 is brought **(before the elimination of the office of inheritance
8 tax appraiser).**

9 (c) If the amount:

10 (1) due to the secured party; or

11 (2) of the co-owner's interest;

12 is equal to or greater than the appraised value of the property, the court
13 shall order the property released to the secured party or the co-owner.

14 (d) If the amount:

15 (1) due the secured party; or

16 (2) of the co-owner's interest;

17 is less than the appraised value of the property, the holder of the
18 interest or the co-owner may pay into the court an amount equal to the
19 owner's equity, which shall be the difference between the appraised
20 value and the amount of the lien, mortgage, security interest, interest
21 under a conditional sales contract, or co-owner's interest. Upon such
22 payment, the state or unit, or both, shall relinquish all claims to the
23 property, and the court shall order the payment deposited as provided
24 in section 4(d) of this chapter.

25 (e) If the seized property is a vehicle and if the security holder or the
26 co-owner elects not to make payment as stated in subsection (d), the
27 vehicle shall be disposed of in accordance with section 4(c) of this
28 chapter.

29 SECTION 41. IC 34-24-2-5 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) If a person
31 holding a valid lien, mortgage, security interest, or interest under a
32 conditional sales contract did not know the property was the object of
33 corrupt business influence, the court shall determine whether the
34 secured interest is equal to or in excess of the appraised value of the
35 property.

36 (b) Appraised value is to be determined as of the date of judgment
37 on a wholesale basis by:

38 (1) agreement between the secured party and the prosecuting
39 attorney; or

40 (2) the inheritance tax appraiser for the county in which the action
41 is brought **(before the elimination of the office of inheritance
42 tax appraiser).**

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(c) If the amount due to the secured party is equal to or greater than the appraised value of the property, the court shall order the property released to the secured party.

(d) If the amount due the secured party is less than the appraised value of the property, the holder of the interest may pay into the court an amount equal to the owner's equity, which shall be the difference between the appraised value and the amount of the lien, mortgage, security interest, or interest under a conditional sales contract. Upon payment, the state or unit, or both, shall relinquish all claims to the property.

SECTION 42. IC 36-7-14.5-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. All:

(1) property owned by the authority;

(2) revenues of the authority; and

(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 43. IC 36-7-15.3-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 19. All:

(1) property owned by the authority;

(2) revenues of the authority; and

(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 44. IC 36-7-23-48 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 48. All property, both tangible and intangible, acquired or held by the authority under this chapter is public property used for public and governmental purposes. All the property, along with the income from the property, is exempt from all taxes imposed by the state or a political subdivision, except for the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ **the estate** tax imposed under IC 6-4.1.

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1 SECTION 45. IC 36-9-3-31 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 31. (a) This section
 3 applies to an authority that includes a county having a population of
 4 more than four hundred thousand (400,000) but less than seven
 5 hundred thousand (700,000).

6 (b) The authority may issue revenue or general obligation bonds
 7 under this section.

8 (c) The board may issue revenue bonds of the authority for the
 9 purpose of procuring money to pay the cost of acquiring real or
 10 personal property for the purpose of this chapter. The issuance of bonds
 11 must be authorized by resolution of the board and approved by the
 12 county fiscal bodies of the counties in the authority before issuance.
 13 The resolution must provide for the amount, terms, and tenor of the
 14 bonds, and for the time and character of notice and mode of making
 15 sale of the bonds.

16 (d) The bonds are payable at the times and places determined by the
 17 board, but they may not run more than thirty (30) years after the date
 18 of their issuance and must be executed in the name of the authority by
 19 an authorized officer of the board and attested by the secretary. The
 20 interest coupons attached to the bonds may be executed by placing on
 21 them the facsimile signature of the authorized officer of the board.

22 (e) The president of the authority shall manage and supervise the
 23 preparation, advertisement, and sale of the bonds, subject to the
 24 authorizing ordinance. Before the sale of bonds, the president shall
 25 cause notice of the sale to be published in accordance with IC 5-3-1,
 26 setting out the time and place where bids will be received, the amount
 27 and maturity dates of the issue, the maximum interest rate, and the
 28 terms and conditions of sale and delivery of the bonds. The bonds shall
 29 be sold in accordance with IC 5-1-11. After the bonds have been
 30 properly sold and executed, the executive director or president shall
 31 deliver them to the controller of the authority and take his receipt for
 32 them, and shall certify to the treasurer the amount that the purchaser is
 33 to pay, together with the name and address of the purchaser. On
 34 payment of the purchase price the controller shall deliver the bonds to
 35 the purchaser, and the controller and executive director or president
 36 shall report their actions to the board.

37 (f) General obligation bonds issued under this section are subject to
 38 the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a
 39 petition requesting the issuance of bonds, the appropriation of the
 40 proceeds of bonds, the right of taxpayers to appeal and be heard on the
 41 proposed appropriation, the approval of the appropriation by the state
 42 board of tax commissioners, the right of taxpayers to remonstrate

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1 against the issuance of bonds, and the sale of bonds for not less than
2 their par value.

3 (g) Notice of the filing of a petition requesting the issuance of
4 bonds, notice of determination to issue bonds, and notice of the
5 appropriation of the proceeds of the bonds shall be given by posting in
6 the offices of the authority for a period of one (1) week and by
7 publication in accordance with IC 5-3-1.

8 (h) The bonds are not a corporate indebtedness of any unit, but are
9 an indebtedness of the authority as a municipal corporation. A suit to
10 question the validity of the bonds issued or to prevent their issuance
11 may not be instituted after the date set for sale of the bonds, and after
12 that date the bonds may not be contested for any cause.

13 (i) The bonds issued under this section and the interest on them are
14 exempt from taxation for all purposes except the financial institutions
15 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under
16 IC 6-4.1.

17 SECTION 46. IC 36-9-25-27 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. (a) To raise money
19 to pay for the property and the construction, and in anticipation of the
20 special tax to be levied as provided in sections 19 and 29 of this
21 chapter, the board may have issued, in the name of the municipality,
22 the bonds of the district. The bonds may not exceed in amount the
23 estimated cost of all land, rights-of-way, and other property to be
24 acquired and the estimated cost of all construction as provided in the
25 resolution, including all expenses necessarily incurred in connection
26 with the proceedings, together with a sum sufficient to pay the cost of
27 supervision and inspection during the period of construction. The
28 expenses to be covered by the bond issue include all expenses of every
29 kind actually incurred preliminary to acquisition of the property and the
30 construction of the work, such as the cost of necessary records,
31 engineering expenses, publication of notices, salaries, and other
32 expenses.

33 (b) If different parcels of land are to be acquired, or if more than one
34 (1) contract for work is let by the board at approximately the same
35 time, whether under one (1) or more resolutions of the board, the
36 estimated cost may be combined in one (1) bond issue. The bonds shall
37 be issued in denominations of at least one thousand dollars (\$1,000)
38 each and shall have a final maturity of not later than fifty (50) years
39 from the date of issue. The bonds are negotiable unless registered, but
40 may be made registrable for principal only or principal and interest.
41 The bonds may be made redeemable before the stated maturities on
42 terms and conditions and at the premiums that the board determines in



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the resolution authorizing the issuance of the bonds.

(c) Upon adoption of a resolution ordering bonds, the board shall certify a copy of the resolution to the municipal fiscal officer, who shall then prepare the bonds. The municipal executive shall execute the bonds and the fiscal officer shall attest them. The bonds and interest are exempt from taxation for all purposes, except the financial institutions tax imposed under IC 6-5.5 or ~~an inheritance~~ a tax imposed under IC 6-4.1. All bonds issued by the board shall be sold by the fiscal officer to the highest bidder, but not for less than par, after giving notice of the sale by publication in accordance with IC 5-3-1.

(d) The bonds are not a corporate obligation or indebtedness of the municipality, but constitute an indebtedness of the district as a special taxing district. Except as provided in section 29(c) of this chapter, the bonds and interest are payable only out of a special tax levied upon all the property of the district as provided in this chapter. The bonds must recite these terms upon their face, together with the purpose for which they are issued.

(e) The board may sell bonds of the district to run for a period of five (5) years from the date of sale. The five (5) year bonds are exempt from taxation for all purposes except for the financial institutions tax imposed under IC 6-5.5. The board may sell bonds of the district in series for the purpose of refunding at any time the five (5) year bonds. Actions questioning the validity of the bonds issued or to prevent their issue may not be brought after the date set for the sale of the bonds, and all bonds are incontestable for any cause after that date.

(f) The total amount of the bond issue, including bonds already issued and to be issued, may not exceed twelve percent (12%) of the total adjusted value of taxable property in the district as determined under IC 36-1-15. All bonds issued in violation of this subsection are void.

SECTION 47. IC 36-10-9.1-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 22. All:

(1) property owned by the authority;

(2) revenues of the authority; and

(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

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1 SECTION 48. IC 36-10-10-24 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. All:

- 3 (1) property owned by the authority;
4 (2) revenues of the authority; and
5 (3) bonds or other securities issued by the authority, the interest
6 on them, the proceeds received by a holder from the sale of bonds
7 to the extent of the holder's cost of acquisition, proceeds received
8 upon redemption prior to maturity, proceeds received at maturity,
9 and the receipt of interest and proceeds;

10 are exempt from taxation in Indiana for all purposes except the
11 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~
12 tax imposed under IC 6-4.1.

13 SECTION 49. THE FOLLOWING ARE REPEALED [EFFECTIVE
14 JULY 1, 2006]: IC 6-4.1-1-2; IC 6-4.1-1-3; IC 6-4.1-1-14; IC 6-4.1-2;
15 IC 6-4.1-3; IC 6-4.1-4; IC 6-4.1-5; IC 6-4.1-6; IC 6-4.1-7; IC 6-4.1-8;
16 IC 6-4.1-9; IC 6-4.1-12-1; IC 6-4.1-12-2; IC 6-4.1-12-4; IC 6-4.1-12-8;
17 IC 6-4.1-12-9; IC 6-4.1-12-10.

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